CONTRACT ADMINISTRATION IN A PERFORMANCE-BASED ACQUISITION ENVIRONMENT IS SERIOUS BUSINESS

John Cavadias

Contracting Officer, USMC

MCB Camp Pendleton, CA

Contract Administration in a PBA Needs More Attention

Q. Why will contracting offices that manage Performance-Based Acquisition (PBA) contracts from inception to closeout (*cradle-to-grave*) risk suffering from poor contract administration?

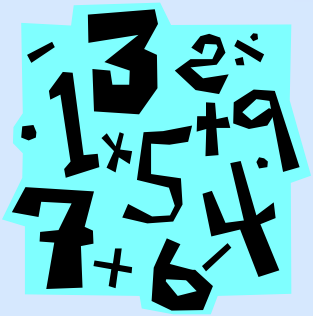
A. Because the metrics most often monitored and evaluated by government leaders from supervisory contract specialists up to congressional representatives are those that focus on awarding contracts, not on performance metrics once awarded. Consequently, contract administration metrics fall far below pre-award/award metrics in the attention it receives.

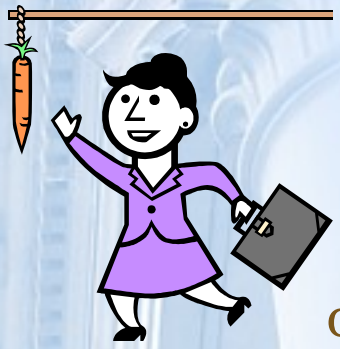
Top 3 Metrics in Contracting

(1) Contract dollars procured.

(2) Number of contract awards.

(3) Procurement Administrative Lead Time.





Key Management Motivators

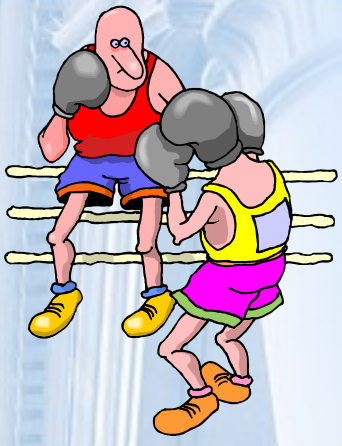
- Metrics are the key motivators in directing the focus and work within a contracting office. Government employees are evaluated based upon their meeting pre-determined standards set for the most notable metrics.
- The three top contracting metrics *(dollars, numbers & PALT)* will significantly determine how management will allocate their resources and prioritize work assignments.
- Therefore, . . .

The Unwritten Prioritized Order of Work in Cradle-to-Grave Contracting Offices

(1) Pre-award procurement/acquisition,

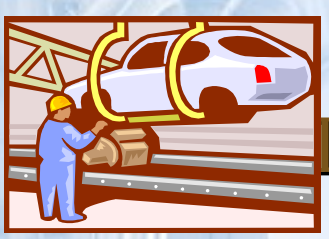
(2) Post-award crisis management, and lastly,

(3) Contact Administration.



Pre-Award and Post-Award: Competing Priorities?

- Post-award metrics do not appear as worthy since they are not as closely monitored or evaluated as pre-award metrics, unless an administration crises suddenly arises.
- Contract Administration usually does not point to a visible cost-benefit with regard to the three conventional metrics.
- Outdated logic can no longer survive if trying to manage an effective PBA program; for they frequently require specialized and focused attention.



WE CAN ALL LEARN FROM INDUSTRY

- Many commercial industries have long recognized that the service or administration arm of their businesses is as mission-critical as their origination or production process. So, they invest in the right mix of dedicated and specialized resources to balance both sides of their operations improving efficiency and growth.

- It should be no different when managing Government business. Origination of contracts is as vital as the administration side of contracting, even more so in a PBA to ensure successful contract execution management.

Competing Priorities Must Not Battle for the Same Resources

- Each phase of contracting is justifiably and distinctly a mission-critical entity that warrants specialized resources.
- These entities must equally coexist so that competing priorities no longer struggle to survive at the same time, in the same space.
- Preserving a cradle-to-grave operation under a single edict of three (production-type) metrics will only guarantee an early grave for contract management.

Manage Resource Allocation

- The mind-set that we can do it all as we transition toward PBSA contract management must be seriously reconsidered if we are to ensure the highest possible resource utilization and level of success in this emerging world of performance-based contract management.
- We must invest in sufficient human resources dedicated to Contract Administration.
- Specialize the workforce to the job requirements considering the entire organizational structure and its goals.

Challenges Ahead

- How can we as leaders in the DoD acquisition community effectively communicate the mission-critical importance of investing dedicated and specialized resources into PBA Contract Administration?
- If we are to ensure that Government and Contractor both fulfill their contractual obligations under a PBA, we must educate and convince our policy makers and the public that an infusion of investment into managing contracts is vital to the total success of acquisition reform.

The End